The Role of Share Plans in Times of Crisis

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The world as we know it has changed dramatically in a few short weeks and almost daily we are seeing the launch of game changing policies from our previously almost unknown chancellor on how to try and help support the various groups in the workplace. Never in our lifetime have we seen such rapid movement and huge shifts in economic policy. Clearly at this moment the focus is very much on the "here and now" and to a degree everything else has had to take a back seat.

Of course, our hearts go out to all of those affected by this and we hope that things will return to some sense of normality soon.

It may be a good time for us to reflect on how Share Plans can help as part of the solution, both now and in the future once we return to a semblance of the old order.

In our recent Budget Submission, we floated the idea of a life event drawdown opportunity. Allowing a share plan participant to drawdown funds saved should a 'life event' occur. At the time, our thinking was that these life events include moving house, moving an elderly parent into residential care, starting a family, marriage or civil partnership and divorce. We pointed out that in some cases the emotional and financial stress of these events could otherwise lead an employee to leave their employment in which case they may be considered bad leavers for the purposes of the share plan. Allowing participants to drawdown in this way (as the French currently do) has a real benefit to employee wellbeing. Perhaps now this could be a moment to consider whether this might be a good time to consider such a change. Clearly share prices are down but perhaps allowing people to access their savings in an SAYE scheme with the ability to pay them back later or "top up" prior to vesting might be a help to some. I realise that this could well have significant administrative and accounting challenges, but in our current world these may be easier to overcome. As an industry we need to start thinking way further outside the traditional box to see if there is more we can do.

Just as some areas of our world have sped up in recent weeks, we are conscious that the combination of the shift to working from home for those that can and a massive change in priorities as businesses focus on the rapidly changing and immediate requirements of their colleagues and clients has made it clear that certain non-essential tasks will need to be deferred. You may have seen in my update last week that I am in ongoing discussions with HMRC on the following issues. HMRC have taken these away, clearly, they are extremely busy at the present time, however I will update our members as soon as I have a response.

- Where some employees are now taking unpaid leave, we are asking HMRC to allow participants to keep up SAYE contributions via standing order (in addition to those usually allowed to pay by standing order) Even though Employees can defer up to 12 payments, some companies and their participants are worried about the knock-on impact with a delayed maturity and the ability to enter new contracts with potential headroom issues.
- In the unlikely event of the stock exchange being closed, administrators are required to return contributions if it has been more than 30 days since the contributions have been deducted. We are asking HMRC to allow funds to be held to complete the purchase/award on the next possible day that the stock exchange is open.
- We are asking HMRC for an extension to the ERS Return date to allow more time to gather the data during this difficult time.
- For EMI I have asked about the working time regulations and where, if employees are in furlough for a temporary period, if these regulations can be relaxed for a few months so those working less than the hours stated in the plan during this period are not disadvantaged.

If there are any other issues that you would like to to bring to the attention of HMRC please do let me know via email zoe@proshare.org

We have pushed back the annual SIP and SAYE data request as we are conscious that many of the administrators are experiencing significant demand peaks at the moment as they settle into new practices around home working.

I have been in touch with many of our members this last week, all organisations have their own challenges to face at this time, some of our retail and banking share plan professionals have been volunteering in stores and branches to help the public get access to vital services and products they need at this time – a fantastic effort!

It is too early to know when this pandemic will end or what the our worlds will look like on the “other side” but certainly I expect it will be somewhat different from today, although I genuinely believe that share plans will still have a crucial role to play for Employers and Employees. With increased working from home, which surely will continue on a much greater level, a creative and well communicated share plan may be the best way to ensure that everyone still feels part of the wider organisation with one purpose and a sense of team. We as an industry have long known the benefits of share plans in encouraging employees to feel and act like owners, allowing them to share in the success arguably created by their hard work. I am definitely hoping that, terrible as the current situation is, we emerge on the other side with companies having seen the loyalty and value of their staff and encouraging greater participation in existing and new share plans as we rebuild the future together.

Zoe Denny-Thomas
Head of Member Services – ProShare